

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 04/08/2013
POSITION: Neutral

BILL NUMBER: SB 401
AUTHOR: Hueso, Ben

BILL SUMMARY: Administrative practices.

This bill would require any state entity proposing amendments to non-residential model building codes (building standards) to estimate the cost of compliance and the potential benefits of the new standard, along with assumptions used to determine the estimates.

FISCAL SUMMARY

The California Building Standards Commission (Commission) indicates that this bill would result in annual costs of \$89,000 and one Associate Construction Analyst position to include the estimated costs of compliance, potential benefits, and related assumptions in the initial statement of reasons used for every building standard. The Commission is responsible for adopting, modifying, or rejecting building standards that are proposed by other state entities. Because this bill does not provide an appropriation, the 2013-14 costs associated with this bill would need to be absorbed by the Commission. If the Commission is unable to absorb these costs, it would need to delay the implementation of this bill until July 1, 2014.

The Office of Statewide Health Planning and Development and the Department of Housing and Community Development estimated that this bill would result in no fiscal impact. At the time of this analysis, the Office of the State Fire Marshal has not provided a fiscal analysis of this bill.

This bill would result in an unknown increase to costs statewide associated with requiring additional initial statements of reason. We do not expect these costs to be significant. Any request for additional expenditure authority is subject to review and approval through the annual budget process.

COMMENTS

The Department of Finance is neutral on this bill. This bill could provide greater transparency and clarity for industry and the public with respect to the costs and benefits of proposed building standards and creates parity in current law by requiring an initial statement of reasons for any regulation that is a building standard, rather than only building regulations which affect residential housing.

Current law requires agencies subject to the Administrative Procedures Act to provide an initial statement of reasons for proposing the adoption, amendment, or repeal of a regulation, including an evaluation of the effect of the proposed regulation, if it has a substantial impact on construction costs. In addition, current law requires an initial statement of reasons for all regulations which affect residential housing, irrespective of whether the impact is substantial. Current law excludes these requirements from applying to adjustments conforming to national regulation models and only applies to California-specific adjustments, unless otherwise requested, as specified.

This bill would require all proposed building standard regulations to include, within the initial statement of reasons, the estimated cost of compliance, the estimated potential benefits, and the related assumptions

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Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
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AUTHOR

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COMMENTS (continued)

used to determine the estimates, irrespective of whether the proposed regulation's impact is substantial or not.

According to the author's office, this bill would provide a clear understanding of the costs and benefits to proposed building standards. The author notes that if an agency is able to determine that a regulation would not have a significant impact, that agency should also know what the regulations would cost.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)						Fund Code
	LA	(Dollars in Thousands)						
	CO	PROP						
	RV	98	FC	2012-2013	FC	2013-2014	FC	2014-2015
7760/Dept Gen Svc	SO	No	A	--	C	45	C	89 3144
9901/Var Depts	SO	No		----	See Fiscal Summary	----		0001
9901/Var Depts	SO	No		----	See Fiscal Summary	----		0494
9901/Var Depts	SO	No		----	See Fiscal Summary	----		0988
<u>Fund Code</u>	<u>Title</u>							
0001	General Fund							
0494	Other - Unallocated Special Funds							
0988	Other - Unallocated NGC Funds							
3144	Bldng Stnds Admin Special Revolving Fund							